

What Went Wrong? A Perspective on the First Five Years of Land Redistribution in South Africa, with Homily for the Next Five*

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Introduction

Martin Adams and John Howell usefully make the point that land redistribution in Southern Africa is commonly motivated by one and/or another of two objectives, namely "redressing past injustices and promoting rural development".¹ Neither objective is easily or simply pursued in and of itself, and attempting to pursue both simultaneously may be especially challenging.

That these are the ultimate objectives behind the South African government's land redistribution programme is clear, certainly going back to the Reconstruction and Development Programme (RDP) framework document of 1993. What is unclear is how seriously government takes either objective, and what could account for what appears to be a lack of genuine ambition with respect to land redistribution. I argue that the problem owes to confusion as to the feasible objectives of land redistribution. This confusion largely accounted for the poor performance of land redistribution during the first five years, and because this poor performance was largely misinterpreted by policymakers, promises to continue to hamstring the revised redistribution programme that began in 2001.

The discussion begins with a brief overview of South Africa's redistribution programme. I then put forward an interpretation of 'what went wrong' with the land redistribution programme that prevailed between 1995 and 1999. This is followed by a scan of the problems that do or will limit the revised redistribution programme in respect of its rural development objective. I conclude, tentatively, with remarks as to the burden of redistribution in redressing past injustices, and explain how the revised redistribution programme is especially ill suited to this purpose.

Brief overview of the land redistribution programme since 1995

The redistribution programme was initiated by the more or less newly created Department of Land Affairs as one of three pillars of land reform, the other two being land restitution and tenure reform.² The redistribution programme commenced in 1995, and was based on a flat

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¹ M. Adams and J. Howell, 2001, "Redistributive Land Reform in Southern Africa", *Natural Resource Perspectives*, No. 64.

² Land restitution involves the restoration of land or cash compensation to those who can demonstrate that they, or their parents or grandparents, were dispossessed of land since 1913 (the year in which the Natives Land Act was passed); tenure reform seeks to improve the clarity and robustness of tenure rights, mainly for residents of former homeland areas and coloured reserves.

grant of R16 000 per household (on a par with the housing grant) for the acquisition of land and start-up capital.³ This grant was known as the Settlement/Land Acquisition Grant, or 'SLAG'. Initially, the primary aim of the programme – as well as the rationale for the small size of the grant – was to cater for the need for secure residential tenure as well as land with which to contribute to one's own sustenance. Although still inadequate, the pace of delivery accelerated rapidly between 1995 and March 1999. Over this period, roughly 60 000 households were allocated grants for land acquisition, of which 20 000 benefited in the 1998/1999 financial year alone. Altogether, around 650 000 hectares were approved for redistribution by March 1999, representing less than one percent of the country's commercial farmland. Apart from insufficient delivery, as of 1999 the Department of Land Affairs was just beginning to reach a critical level of awareness that a high proportion of its redistribution projects were plagued with serious problems. Much attention focused on the fact that groups were too large and post-transfer support was poor.

Upon assuming the double portfolio of Minister of Agriculture and Land Affairs in June 1999, Thoko Didiza called for a sweeping review of the redistribution programme. The essence of her call, quite reasonably, was that the programme should be broadened to cater for those aspiring to become full-time, medium-scale commercial farmers, and should build more on synergies between Land Affairs and Agriculture.

The new redistribution programme, entitled Land Reform for Agricultural Development, or 'LRAD', was based on a model actively promoted by staff of the World Bank, drawing on their recent experiences in Brazil and Columbia. It was adapted by officials of the National Department of Agriculture and academics from a South African university. Whether LRAD represented a broadening of the redistribution programme, or a wholesale shift, remains an issue of contention. One of the primary differences from the old programme is that the grant is available in a range from R20 000 up to R100 000, depending on an own contribution which rises disproportionately according to the grant level (that is from R5 000 to R400 000). However, as significant as the change in the size of the grant is the fact that it is now awarded to adult individuals rather than to households, and in practice multiple adult members of the same household can apply for LRAD grants with the intention of pooling them. In fact, this is actively encouraged by government staff and private consultants who work with LRAD applicants.

Despite Didiza's occasional public broadsides against white commercial farmers for either impeding or exploiting the redistribution programme, and rumblings about making greater use of expropriation in the future, and the occasional nod of approval towards Harare, the new redistribution programme is decidedly market-friendly, fully embracing the willing buyer/willing seller approach that was adopted in 1994. Organised agriculture is more vocally supportive of the new programme than of the old, mostly because it has sympathy with its dominant focus – to provide opportunities for blacks to farm on a commercial scale – but also because it addresses white farmers' fears of having groups of blacks moving in next to them as opposed to individuals.

LRAD was finally inaugurated in August 2001. Because of the much larger grants available, and in some measure because of the relatively rapid progress of projects routed through the Land Bank, some provincial departments managed to spend their allocations for 2002/03 several months before the end of the fiscal year.

³ At that time, R16 000 was worth about \$4500. Perhaps more usefully, it was about 40 times the average monthly wage paid to farmworkers.

What went wrong with the old SLAG-based redistribution programme?

This section seeks to present a different perspective on 'what went wrong' with the SLAG-based redistribution programme, that is, the mode of redistribution that dominated during 1995-1999. The view proposed here differs with the 'conventional wisdom' to which most policy makers and observers at large have subscribed, namely that the small size of the grant forced people into large groups to be able to purchase farms, and these large groups proved unmanageable.⁴ Although this interpretation is not wholly without merit, an alternative perspective is that there is nothing inherently wrong with large groups depending on what they seek to do with the land they acquire.

The argument is developed by examining how the strategy of project design converged into a typical formula, which ultimately sent the redistribution programme more or less off the rails. This convergence into a typical formula was already evident by 1996-97.⁵ The typical formula can be characterised by three inter-related elements:

- Project business plans commonly assumed that the goal of a project was to provide the maximum cash income to each of its members, if not a full livelihood to all of its members.
- The usual strategy for seeking to accomplish this was to promote the idea that the group should continue with the farm activity that was undertaken by the previous owner. Often this was embellished with new activities that promised to add even more income, for example broileries, piggeries, knitting groups, etc.⁶
- The implication was that the group would run the farm as a group; in other words, they were to establish a 'producer co-operative', though the legal entity was called something different. To compensate for the group's lack of management and/or farm experience, the plan often called for the group to hire a manager.

The fact that 'producer cooperatives' are fragile is not controversial. The real question is, why did this happen? I believe there were four inter-related reasons:

Reason 1 – Poverty trap paranoia. By this I mean the fear that the Nats were right and these projects would result in conspicuous pockets of new misery.⁷ Therefore, officials vetting business plans tended to favour proposals that made promises of high incomes, even if they suspected these business plans were nonsense⁸.

⁴ See e.g. R. Mokoena and G. Thomas, 2001, "Re-Examination of South Africa's Land Redistribution Programme in Addressing Farmers' Concerns: Policy Goals, Objectives and Products Re-Visited", paper prepared for the 8th annual Agriculture Management Conference, October.

⁵ I joined the Department of Land Affairs in 1998. By this time, project business plans followed a clear and familiar pattern, and departmental staff were becoming increasingly sceptical.

⁶ This is not to suggest that such 'add-ons' are bad, rather that they should not be so routinely included in business plans as a means of making the projects look more promising.

⁷ In its 1995 submission to the drafters of the DLA's "Land Reform Policy Document", the then National Party-led Department of Agriculture, advised: "Greater emphasis [should] be placed on creating opportunities outside of agriculture to avoid poverty traps and the resultant destruction of the agricultural resource base".

⁸ Which we did.

Reason 2 – Wrong choice in service providers. These business plans were generally drafted by consultants who were well equipped to deliver these kinds of business plans, generally agricultural economists, agricultural engineers, and business consultants who knew which agricultural economists and agricultural engineers to subcontract. This reflected the primacy given to technical considerations (however bogus they were in practice) over those that ultimately might have proven more important, e.g. an understanding of smallholder systems, realistic tenure options, and group dynamics.⁹

Reason 3 – Wrong technology. Projects that sought to continue the previous owner's farm operation were typically based on the wrong technology. The planning agent usually presumed some embellishment of the previous owner's production model because that promised the highest profits. However, maximising profits is usually achieved by means of economising on the returns to factors of production, including that to labour. The typical commercial farm in South Africa in fact makes scarce use of the one factor of which most SLAG beneficiaries had a copious supply, namely their own labour. As a consequence, many business plans called for beneficiaries to be superfluous right from the outset - their labour was simply not needed, or only at peak season. Since the project plan called for only a few people to be actively involved on a full-time basis, the rest were 'passive shareholders'.

Reason 4 – Wrong tenure option. Because of the almost universal assumption of group production, there was generally no consideration of tenure options other than group ownership. A few important exceptions were undertaken in the Southern Cape, where formal subdivision was undertaken and each beneficiary household ended up owning a small plot in terms of freehold. This exception in some sense proved the rule – perhaps because it was so expensive to undertake subdivision, in effect absorbing a large share of the grant, it was rarely considered. Oddly, the possibility of 'informal subdivision' was almost never considered. Although having its own risks, it would have solved a serious problem: allowing delivery to proceed by means of beneficiary groups, which is important administratively, but not assuming group production and group access.¹⁰

Note two things. First, the adoption of a model that might elsewhere be recognised as a producer cooperative or 'agricultural collective', was not the expression of an ideological preference, but rather was more or less left to chance and to a *lack* of clear preferences. Second, all of this was possible because of an effective conspiracy within government against 'subsistence production', which was considered backwards, undevelopmental, etc. The origins of this sentiment are unclear.¹¹ At any rate, perhaps the objectives of the redistribution programme were too fuzzy, too all-inclusive, and perhaps just not thought out well enough, to provide the guidance that would have been needed to prevent this course of events.

⁹ To be more precise, the problem was that government officials with NGO backgrounds and generalist soft skills, tended to defer to the technical expertise of consultants who by and large were only familiar with large-scale commercial farming.

¹⁰ Ideally, if tenure reform had proceeded apace within former homeland areas, it would have served as the basis for identifying options within redistribution projects as well. (Personal communication, B. Cousins, May 2003.)

¹¹ I recall the head of one provincial department of agriculture explaining to me that "...there's no future in subsistence agriculture", that subsistence agriculture contributed to poverty traps, etc., which was why his department was re-orienting itself to focus rather on supporting commercial farming. Most agricultural officials at provincial level were very satisfied that LRAD was a move in the right direction, presumably for this reason.

Can the new land redistribution programme contribute to rural development?

Government's new flagship redistribution programme is called Land Redistribution for Agricultural Development, or LRAD, launched in August 2001. The following points summarise key weaknesses in LRAD and in the thinking that resulted in LRAD.

1. Apathy about establishing what went wrong with SLAG – Notwithstanding the fact that Minister Didiza's moratorium on redistribution projects lasted about one and a half years pending the development of the revised redistribution programme, neither the Ministry nor the DLA evidenced much genuine interest in understanding what happened with the SLAG-based redistribution programme that was in operation between 1995 and 1999. One of the Minister's advisors did assemble a critique, the quality of which was poor and which read like a polemic.¹² No actual research was commissioned, nor were any DLA officials instructed to conduct research internally.¹³

2. Apathy about demand – Few things have proven as durable as the target that was stated in the 1993 document *A Basic Guide to the Reconstruction and Development Programme*: "Within five years the RDP will distribute 30% of the land through redistribution and restitution". Minister Hanekom subscribed earnestly to this target until around 1995, when he actively distanced himself from it on the grounds it couldn't be achieved. Minister Didiza resurrected the 30% target shortly after becoming the new Minister of Agriculture and Lands in 1999. Although extending the timeframe to 15 years from then, the target remained implausible, particularly in light of LRAD as the main mechanism with which to effect it. The odd thing about the 30% target is not that it may be achievable or not achievable, but that it has held government's attention almost to the complete exclusion of targets that it might rather consider, e.g. *how many people* should be targeted to benefit from redistribution. In fact government has shown no interest in establishing how many people want land and for what reasons.

3. Untested assumptions about the link between LRAD and rural development – The intellectual rationale for focussing on emerging black commercial farmers was expressed in one of the background papers to the ISRDS (Integrated Sustainable Rural Development Strategy), authored by the same team from the World Bank and a South African university that played a pivotal role in developing LRAD. As explained in this background paper, a key tenet of the ISRDS is that, by resolving inefficient factor distortions (i.e. land to labour) and harnessing growth linkages, redistribution can "catalyze widely shared growth" in the rural economy.¹⁴ In other words, the establishment of commercial black farmers can serve as the engines of growth in the rural economy. Whether or not this is true will only be known when LRAD has had a chance to operate for some time. However, there is reason to be doubtful. This seems to rely on either the assumption of an inverse farm-size/productivity relationship, or much higher local multipliers for black farmers, neither of which have been demonstrated

¹² Ministry of Agriculture and Land Affairs, 1999, "Preliminary Report on the Review of the Settlement/Land Acquisition Grant – Work in Progress", unpublished report. This report espoused the 'usual view' summarised above, i.e. that the fundamental problem with the original redistribution programme was the small size of the grant.

¹³ The Directorate: Redistribution Policy and Systems was on the verge of commissioning research, but this was quashed by the Ministry for reasons that were never made clear.

¹⁴ K. Brooks, R. Townsend and J. van Zyl (team leaders), 2000, "Improving Opportunities for the Rural Poor in South Africa through Land Reform and More Effective Service Delivery", unpublished report.

for South Africa, and least of all for LRAD-type projects which thus far do not rely on more labour-intensive methods. This is true certainly for the 'family farm' type of LRAD projects, but also for 'farm worker projects', which constitute a large fraction of LRAD projects. In these latter projects, farmworkers use LRAD grants to purchase the farms where they have been working. This may sometimes lead to better livelihoods, but it does not create new ones. Moreover, many of these projects in fact are seller-driven, and as such are created to suit the interests of the seller more than of the beneficiaries.

4. 'Decongesting the homelands'? – This is stated as one of the objectives of the new LRAD programme, and it has great merit in many instances. However, there is no recognition that LRAD, as presently construed, is fundamentally ill-suited to achieving this objective, largely because of the piecemeal way in which it engages the land market.¹⁵ LRAD also conspicuously fails to deal with the former homelands in other respects. Although originally promising to make capital available to assist in the development of those practising agriculture in the former homelands, this has taken place only to a very limited extent. First, DLA indicated (reasonably and correctly) that its budget could not be used for this purpose, except in cases of tenure upgrade. Second, when the National Department of Agriculture ostensibly agreed to take this responsibility upon itself, it rather came up with the Comprehensive Farmer Support Package (still in development), the main objective of which is to provide more money to those who have acquired land through redistribution. Arguably, it should not be LRAD's function to sort out agriculture in communal areas, but the concern has often been expressed that it makes little sense to expend large sums of money to assist a few people get land, and little or no money to assist those who already have land to use it better.

5. 'Arithmetic failure' – By this is meant the inability to see that the present scale of redistribution is not remotely commensurate with the size of the rural economic problem, most notably rural landlessness and rural unemployment. This was true of the old redistribution programme, but is even more the case under LRAD, which given the present annual budget for capital transfers of about R300 million, can only accommodate about 1700 to 2000 households per year.¹⁶ By contrast, rural landlessness is in the neighbourhood of 675 000 households, and rural unemployment is experienced by 3.2 million Africans and Coloureds.¹⁷ The gap is so vast that even multiplying the budget available to LRAD fivefold would have little practical consequence.¹⁸

6. Distracted by windmills – Much energy at DLA among those who formulate policy appears to be focused on secondary problems or issues that for the most part have little to do with poor delivery. This is evident for example in the pre-occupation with land sellers' asking prices and the occasional threats about making use of expropriation. As Lahiff and Cousins

¹⁵ See e.g. M. Aliber and R. Mokoena, 2002, "The Interaction between the Land Redistribution Programme and the Land Market in South Africa: A Perspective on the Willing-Buyer / Willing-Seller Approach", Occasional Paper No. 20, Programme for Land and Agrarian Studies, University of the Western Cape.

¹⁶ Based on discussions with numerous officials working on LRAD, a conservative order-of-magnitude guess is that the average grant per beneficiary is R35 000, and that there are 5 beneficiary members belonging to the same household/family. This implies a total grant captured by the same household of R175 000, effectively more than 10 times the old Settlement and Land Acquisition Grant (SLAG) of R16 000 per household.

¹⁷ The number of landless households is calculated from Stats SA's 1997 *Rural Survey*, while the unemployment figure is calculated from Stats SA's February 2002 *Labour Force Survey*.

¹⁸ This is not to suggest that LRAD – or redistribution more generally – bears the burden of solving all the problems that plague the rural economy. However, as DLA's flagship redistribution programme, it does not seem unfair to expect it to make a detectable contribution to the solving of these problems.

point out¹⁹, this may in large measure be bluff designed to pander to the tastes of the land NGOs (for whom the willing-buyer / willing-seller mode of redistribution is and has always been one of its chief flaws). However, much departmental staff time has been expended on developing systems and procedures around expropriation for redistribution, and studying the question of controlling foreign ownership of land. The concern with foreign ownership of land is premised on the notion that foreign demand is pushing up land prices and thus hindering redistribution. This may in truth be a problem in the winelands and a few other areas, but can be generally characterised as making worse a problem that is already intractable in these few areas, and being irrelevant everywhere else.

7. Extension continues to shrink – One of the main objectives of LRAD was that it would better harness synergies between DLA and provincial agriculture departments. This was a worthy goal, in particular to correct for the poor record of extension support to redistribution projects during the first five years, which was often explained by the argument that provincial agriculture departments could hardly be expected to support redistribution projects that they had no hand in designing and/or approving. The fact is however that extension capacity among provincial agriculture departments has continued to deteriorate, and provision for 'after care' is little better.²⁰ Although making real improvements to extension capacity is indeed a daunting task, failure to halt the continued deterioration owes in no small part to apathy at the level of the National Department of Agriculture.

Although the approach to redistribution that LRAD replaced was indeed plagued with many problems, LRAD corrects for only some of them, and introduces new ones, not least of which is the fundamental problem that it is limited to benefiting very small numbers of people. However, the most basic flaw of LRAD is the underlying assumption that 'commercially viable' land redistribution projects can make a meaningful contribution to rural development. This is just a more rigid, more costly version of the implicit logic that, I argue, derailed the original redistribution programme.

Should and can redistribution function as a vehicle for redressing past injustices?

Perhaps one might have thought that, because the South African government introduced *restitution* as one of the main aspects of land reform, and since restitution is unambiguous in its focus on the redress of past injustices, then redistribution might have been construed as a purely economic proposition. In fact this was never the case. The fact that redistribution also bears responsibility for contributing to this redress is implicit in the RDP's 30% target, which lumped redistribution and restitution together as co-contributors to the objective of altering the racial imbalance in land ownership.²¹

The 30% target is revealing in another way. Unlike the redress of *specific* injustices, as catered for through the restitution programme, the 30% target bespeaks an intention to redress collective grievances owing to the long history of land dispossession. In fact, only

¹⁹ E. Lahiff and B. Cousins, "The Land Crisis in Zimbabwe – Views From South of the Limpopo", *Journal of Agrarian Change*, 2001, vol. 1, no. 4.

²⁰ The exception is when a 'mentor' is identified, or when the design agent plays an on-going support role, as is sometimes required by the Land Bank for LRAD projects that it co-finances.

²¹ Curiously, during the long process of fiddling with the LRAD framework document before it was formally accepted, there were endless discussions within DLA and NDA as to whether the 30% should be achieved by redistribution alone, or redistribution in conjunction with restitution.

redistribution can do this. Whereas restitution requires proof on a case-by-case basis, eligibility for redistribution requires only that one is a black South African.²²

Very likely, this element of redressing the collective injustice is what accounts for the persistence of the 30% target in the public sphere, even though it was in the first place a purely arbitrary figure with no intrinsic significance. It very likely also accounts for the popular appeal among many black South Africans of Mugabe's 'fast track land reform'. According to a 2001 survey of 3 700 individuals conducted by the Institute for Justice and Reconciliation²³, 85% of black respondents agreed with the statement, "Most land in South Africa was taken unfairly by white settlers, and they therefore have no right to the land today," while 68% agreed that, "Land must be returned to blacks in South Africa, no matter what the consequences are for the current owners and for political stability in the country."

The point is that social justice is not just about restitution, but about the way in which one conducts redistribution. Thus the social justice undercurrent to redistribution very likely also accounts for the rejection by the Landless People's Movement and others of the whole willing-buyer/willing-seller concept, which confers on white farmers generally the power to decide what land will and will not be made available to blacks. The willing-buyer/willing-seller approach is also considered objectionable in that it puts people in the position of 'buying back their own land', even if the money largely comes from the state.

Writing in the *City Press* in August 2002 of the situation in Zimbabwe, Thami Ka Plaatjie, secretary-general of the Pan African Congress (PAC), conveys the message that righting the historical wrong or land dispossession is not just a matter of returning land to the indigenous population, but exacting revenge on the whites who took it. Ka Plaatjie says, approvingly,

History has a funny way of repeating itself. The humiliating evictions that has [sic] been suffered by whites in Zimbabwe pales in comparison to those our people have been subjected to in the not-so-distant past.... The PAC wishes to congratulate President Robert Mugabe for his resolute commitment to the return of dispossessed land to the indigenous conquered people of Zimbabwe.... Most of the land that white settlers in Zimbabwe have occupied was taken and stolen from our people at gunpoint.²⁴

A curious point about the PAC's championing of the land issue is that, although the statistics suggest that it enjoys support among a good many black South Africans, it nonetheless fails to earn the PAC many votes. The fact that the PAC attracts so little support despite the centrality of land to its platform (the PAC's motto is *Izwe Lethu* – 'The Land Is Ours'), suggests that although land may be important to a great many people, it is not among their top priorities. Indeed, an Afrobarometer survey from late 1999/early 2000 found that only 1.3% of South African respondents listed land among the top three problems with which the government should concern itself.²⁵

²² It used to require also that one was poor.

²³ J. Gibson, Institute for Justice and Reconciliation, 2001, "The Land Question in South Africa – Clouds on the Horizon", *Cape Times*, 1 August.

²⁴ T. Ka Plaatjie, 2002, "Mugabe Land Policy Must Be Supported", *City Press*, 25 August.

²⁵ R. Mattes, Y. Davids, and C. Africa, 2000, "Views of Democracy in South Africa and the Region: Trends and Comparisons", *Afrobarometer Paper No. 8*. The exact wording of the question was, "What are the most important problems facing this country that the government should address?" The statistic for the Zimbabwe part of the sample was 1.1%.

Taken together, the piecemeal information we have about the extent and nature of the demand for land is difficult to interpret. Perhaps black South Africans have a deep need to see that the collective injustice of land dispossession is redressed on a massive scale, even if as individuals most black South Africans do not have a great desire to have land themselves? If that is the case, then LRAD may be just the ticket. The adoption of LRAD as the flagship redistribution programme marks a shift in favour of benefiting a few greatly (see footnote 16). If the 30% target were by some miracle achieved, LRAD would directly assist only about 350 000 households.²⁶ Will this contribute to a popular perception that progress is being made towards redressing past injustices?

As yet we have no robust way of judging that. However, what makes this unlikely is that there is little deliberate targeting among those that do benefit from LRAD. Those who benefit most handsomely from LRAD are not black farmers who have been stymied by the lack of opportunity to expand within the homelands, but local elites who see LRAD as an opportunity to diversify their interests to complement their existing business activities (taxi owners, bottle store owners, etc.). An alternative interpretation of the various pieces of information is that many South Africans do indeed want land, both to support their livelihoods and as a matter of righting an historical wrong, but that next to job creation, more housing, and improved security, land is generally not a priority. In that case, LRAD is very much the wrong approach. Unfortunately, we have little idea what is the right approach. It appears that we haven't really been looking for it.

²⁶ The fact that this is as large as it is, is because many redistribution projects are farm worker projects, which confer relatively small amounts of land per beneficiary.